

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY

MEMORANDUM

TO: Chairperson Judith N. Frank and Oversight Board Members

FROM: Fred Ramirez, Interim City Manager
By: Rafaela T. King, Interim Finance Director

DATE: February 13, 2014

SUBJECT: Consideration to Approve Successor Agency Administrative Budget No. 14-15A

RECOMMENDATION:

It is recommended that the Oversight Board to the Successor Agency to the San Fernando Redevelopment Agency adopt Resolution No. 16 (Attachment "A") approving the Administrative Budget No. 14-15A (Exhibit "A") for the Successor Agency for the six-month fiscal period from July 1, 2014 through December 31, 2014.

BACKGROUND:

1. Pursuant to AB X1 26 and AB 1484, the Successor Agency must prepare a proposed administrative budget and a Recognized Obligation Payment Schedule (ROPS) for each six-month fiscal period, both of which must be submitted to the Oversight Board for approval. Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City or other entity.

AB X1 26 and AB 1484 are unclear regarding the required timing for the submission of the proposed administrative budget for the period from July 1, 2014 through December 31, 2014 (i.e., the first half of fiscal year 2014-15) (Administrative Budget No. 14-15A) to the Oversight Board. However, because the Successor's Agency's administrative expenditures also have to be reflected on the ROPS, Administrative Budget No. 14-15A and the ROPS for the same period (ROPS No. 14-15A) should be consistent.

The Successor Agency is required to submit the ROPS No. 14-15A to the Oversight Board for approval and then submit the Oversight Board-approved ROPS No. 14-15A to the State Department of Finance (DOF), State Controller, and the County Auditor-Controller no later than March 1, 2014.

Under AB 1484, the Oversight Board must take actions by resolution and must provide DOF, by electronic means, written notice and information about the Oversight Board's action.

2. As they have done every prior reporting six-month period, on February 3, 2014, the Successor Agency reviewed and approved the attached ROPS 14-15A in order to ensure that all enforceable obligations of the former City Redevelopment Agency are being met.
3. On February 13, 2014, staff will present Administrative Budget No. 14-15A and ROPS NO. 14-15A to the Oversight Board for their approval.

Upon approval from the Oversight Board, both the Administrative Budget No.14-15A and ROPS No. 14-15A, staff will subsequently transmit both to the State Department of Finance (DOF), the State Controller, and the County Auditor-Controller.

ANALYSIS:

Administrative Cost Assessment

Under AB X1 26 and AB 1484, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues allocated by the County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the property tax allocated for enforceable obligations from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller. The amount requested shall not be less than the maximum allowed of \$250,000 for any fiscal year unless the Oversight Board reduces this amount.

The Administrative Cost Allowance to be received by the Successor Agency on January 2, 2015 for the second half of fiscal year 2014-15 will take into account the amount of Administrative Cost Allowance the Successor Agency received on June 1, 2014. It is estimated that the Successor Agency to the San Fernando Redevelopment Agency administrative expenses will be \$125,000 for the reported six-month period. It is also important to note that the Administrative Cost Allowance is subject to reduction if there are insufficient funds to pay the enforceable obligations as listed on the ROPS for the same six-month fiscal period.

Environment Assessment

It is staff's assessment that the administrative actions undertaken by the Successor Agency and the Oversight Board, as it relates to the approval of the attached Resolution and implementation of the Administrative Budget No. 14-15A, is not a project under California Environmental Quality Act and will not have any significant environmental impact environmental impact therefore no additional action is required.

CONCLUSION:

The deadline to submit Administrative Budget No.14-15A and ROPS No. 14-15A is March 1, 2014, and will be presented to the Oversight Board on February 13, 2014 for approval. All

proposed administrative expenses noted in attached Administrative Budget No. 14-15A and ROPS No. 14-15A are permitted under applicable State law and are necessary in order to ensure that the Successor Agency completes its required work to wind down the affairs of the former City redevelopment agency. Therefore, staff recommends that the Oversight Board approve Administrative Budget No. 14-15A, which will provide the maximum allowable reimbursement of administrative costs to be incurred by the Successor Agency in its required work to wind down the affairs of the former City redevelopment agency.

ATTACHMENT:

A. Resolution No. 16

RESOLUTION NO. 16

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGETS PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177; AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

RECITALS:

A. Pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) ("Part 1.85"), the Successor Agency to the San Fernando Redevelopment Agency ("Successor Agency") is required to undertake a number of actions related to winding down the affairs of the former Redevelopment Agency pursuant to Health and Safety Code Section 34177(h).

B. In connection with the administration and operations of the Successor Agency, the Successor Agency is and will be utilizing the staff, facilities, and other resources of the City. The City Manager of the City serves as Executive Director of the Successor Agency, the Finance Director serves as Finance Officer of the Successor Agency, and the City Clerk serves as Secretary to the Successor Agency. Planning, finance, engineering, public works, and other City departments devote and are expected to devote substantial time with respect to the administration and operations of the Successor Agency, including gathering information relating to the Redevelopment Agency's enforceable obligations, conferring with public officials representing governmental agencies, and undertaking other activities in connection with administration and operations of the Successor Agency.

C. Pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations and pursuant to Health and Safety Code Sections 34178(a) and 34180(h), the Successor Agency may enter into agreements with the City with the approval of the oversight board for the Successor Agency (the "Oversight Board").

D. Pursuant to Health and Safety Code Section 34177(j), the Successor Agency is required to prepare a proposed administrative budget for each six month fiscal period and submit each proposed administrative budget to the Oversight Board for its approval. Each proposed administrative budget shall include all of the following: (1) Estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) Proposed sources of payment for the costs identified in (1); and (3) Proposals for arrangements for administrative and operations services provided by the City or another entity.

E. Pursuant to Health and Safety Code Section 34177(k), the Successor Agency is required to provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the County Auditor-Controller for each applicable six-month fiscal period.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SAN FERNANDO REDEVELOPMENT AGENCY DOES HEREBY RESOLVE, FIND, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. This Resolution is adopted pursuant to the provisions of Part 1.85.

Section 3. The Board hereby approves the proposed administrative budget for the six-month fiscal period commencing July 1, 2014 and ending December 31, 2014 attached hereto as Exhibit "A" and incorporated herein by reference.

Section 4. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

PASSED AND ADOPTED this 13th day of February, 2014.

Fred Ramirez, Vice-Chair

ATTEST:

Tanya Ruiz, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Oversight Board of the Successor Agency to the San Fernando Redevelopment Agency held on the 13th day of February, 2014, by the following vote to wit:

AYES:

NOES:

ABSENT:

Tanya Ruiz, Deputy Clerk
County of Los Angeles, Board of Supervisors
Acting as Secretary to the
San Fernando Oversight Board

EXHIBIT "A"**Administrative Cost Allowance Budget 14-15A
July 1, 2014 Through December 31, 2014**

ROPS Item #	Project Name / Debt Obligation	Payee	ROPS 14-15A Requested Amounts
7	Administrative Cost (Salaries, Benefits, and Overhead)	Employees of Successor Agency	76,309.00
9	Administrative Cost (FY 13-14 Annual Audit)	Van Lant & Fankhanel, LLP	5,000.00
10	Administrative Cost (Property Tax Analysis)	HDL, Coren & Cone	1,888.00
11	Administrative Cost (Legal Services)	Richards, Watson & Gershon; Olivarez Madruga, P.C.	30,000.00
13	Administrative Cost (Project Specific)	LAUSD Litigation	11,803.00
Total			\$ 125,000.00